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News

General Assembly Sends Police and Fire Pension Reform to Governor

Statehouse Briefings

- Bill Updates

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96th GA News

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Legislation

On Thursday morning, the Senate voted 46-4-2 to send [SB 3538](#) to the Governor.

2010 Post Legislative Session Materials

The Illinois House had already approved this substantial police and firefighter pension reform legislation by a vote of [95-18](#) on Wednesday. The bill was passed over the objection of several public safety unions. The downstate and suburban public safety unions object to the inability to factor overtime compensation into their pensions. Inflating overtime into public employee pensions is one manner by which pensions are "spiked." The Chicago unions object to the concept of different benefit tiers as well as to changes to the cost-of-living adjustment.

Agenda

Bill Positions

Tracked Bills

Letters to the Governor

If enacted into law, the bill will affect both the Chicago and downstate police and firefighter pension funds and contains the following provisions:

Publications

Benefits (New hires beginning January 1, 2011)

Fact Sheets

Statehouse Briefing / Bulletin Archive

- normal retirement age of 55;
- early retirement at age 50 with a 6% reduction for each year prior to age 55;
- pensionable salary cap of \$106,800 indexed to 1/2 % of the CPI-U;
- final average salary calculated using the last 8 of 10 years;
- survivor benefit of 66 2/3%; and
- cost-of-living adjustments beginning at age 60 for retirees and survivors.

Resources

General Assembly

- Senate Members

- House Members

Constitutional Officers

COGFA Studies

Internet Links

- COGFA study on each pension fund for release in 2013;
- COGFA study on investment pooling; and
- COGFA study on a 50/50 employer and employee split of the normal cost.

Public Acts

Public Acts by Year

Pension Policy

Funding Changes

Pension Reform Law

- 30 year closed amortization period with a funding target of 90% by the end of 2040
- state-shared revenue diversions to pension funds beginning in 2015 equalling the difference between the employer contribution and the required actuarial contribution. Three year phase-in with up to 1/3 of state-shared revenue diverted in 2015, up to 2/3 in 2016, and up to the full contribution difference beginning in 2017; and
- Changed amortization methodology for the City of Chicago police and firefighter pension funds; and
- Expanded investment authority including corporate bonds for all funds and greater equity investments for funds with assets of at least \$10 million; and
- 5-year smoothing of actuarial gains and losses.

Rulemaking Corner

Rules by Year

Social Media



TOP LEGISLATIVE PAGES

1. Police and Fire Pension Reform Approved by Senate Committee

IML Position

2. Pensions and Workers' Compensation

The IML recognizes that pension issues can be very complex and that public employee pension reform is a difficult process. The IML will applaud the creation of a second-tier of pension benefits for new

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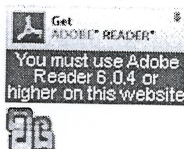
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hires. At the same time, the IML is gravely concerned about the unintended consequences of provisions that allow state-shared revenue to be diverted to pension funds to make up for the difference between actuarially-recommended contributions and what a municipality can actually afford to pay when other budgetary demands are taken into consideration. The IML believes that SB 3538 represents a positive first-step to public safety pension reform, but that additional reforms are still required. These additional reforms need to address the existing pension debt as well as protect municipalities that make a good-faith effort to fulfill their pension funding obligations. The IML is concerned that the compliance language will inadvertently result in service cuts, personnel reductions, and fewer first-responders in our communities. Furthermore, the failure to address the existing pension debt means that employer contributions will need to continue increasing in order to sustain adequate pension funding levels. The lack of local support for increased taxes as well as the existence of tax-caps and other revenue limitations in many communities will place tremendous strains on local budgets in future years. The IML is neutral on SB 3538 and will continue to pursue additional reforms that address the strain on municipal budgets and the unsustainability of current pension costs.

The IML would like to thank Representative Kevin McCarthy (D-Orland Park), Representative Raymond Poe (R-Springfield), Senator Terry Link (D-Waukegan), and Senator Pam Althoff (R-McHenry) for their many, many hours of work on the bill.

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